

**REPORT OF THE AUDIT OF THE
GARRARD COUNTY
FISCAL COURT**

**For The Fiscal Year Ended
June 30, 2015**



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EXECUTIVE SUMMARY

AUDIT OF THE
GARRARD COUNTY FISCAL COURT

June 30, 2015

The Auditor of Public Accounts has completed the audit of the Garrard County Fiscal Court for fiscal year ended June 30, 2015.

We have issued an unmodified opinion, based on our audit on the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of Garrard County Fiscal Court. In accordance with OMB Circular A-133, we have issued an unmodified opinion on the compliance requirements that are applicable to Garrard County's major federal program: Chemical Stockpile Emergency Preparedness Program (CSEPP) (CFDA #97.040).

Financial Condition:

The Garrard County Fiscal Court had total receipts of \$6,931,668 and disbursements of \$7,292,941 in fiscal year 2015. This resulted in a total ending fund balance of \$1,356,143, which is a decrease of \$322,910 from the prior year.

Report Comment:

2015-001 The Fiscal Court Should Strengthen Controls Over Reporting Of Capital Assets And Ensure All Assets Are Adequately Insured

Deposits:

The Fiscal Court deposits were insured and collateralized by bank securities.

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Matthew G. Bevin, Governor
William M. Landrum III, Secretary
Finance and Administration Cabinet
Honorable John P. Wilson, Garrard County Judge/Executive
Members of the Garrard County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of Garrard County Fiscal Court, for the year ended June 30, 2015, and the related notes to the financial statement which collectively comprise the Garrard County Fiscal Court's financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Audit Guide for Fiscal Court Audits* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described more fully in Note 1 of the financial statement, the financial statement is prepared by Garrard County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Garrard County Fiscal Court as of June 30, 2015, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of Garrard County Fiscal Court as of June 30, 2015, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of Garrard County Fiscal Court. The budgetary comparison schedules, capital asset schedule, and the Schedule of Expenditure of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations are presented for purposes of additional analysis and are not a required part of the financial statement, however they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

The accompanying budgetary comparison schedules, capital asset schedule, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules, capital asset schedule, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statement as a whole.

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 08, 2016 on our consideration of Garrard County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Garrard County Fiscal Court's internal control over financial reporting and compliance.

Based on the results of our audit, we present the accompanying comment and recommendation included herein, which discusses the following report comment:

2015-001 The Fiscal Court Should Strengthen Controls Over Reporting Of Capital Assets And Ensure All Assets Are Adequately Insured

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Mike Harmon', with a stylized flourish at the end.

Mike Harmon
Auditor of Public Accounts

February 08, 2016

GARRARD COUNTY OFFICIALS

For The Year Ended June 30, 2015

Fiscal Court Members:

John Wilson	County Judge/Executive
Joe Leavell	Magistrate
Betty Holtzclaw	Magistrate
Bill Warren	Magistrate
Bobby Preston	Magistrate
Doan Adkison	Magistrate

Other Elected Officials:

Mark Metcalf	County Attorney
Kevin Middleton	Jailer
Kevin Montgomery	County Clerk
Dana Hensley	Circuit Court Clerk
Ronald Wardrip	Sheriff
Kay Hall	Property Valuation Administrator
Daryl Hodge	Coroner

Appointed Personnel:

Jennifer Seagraves	County Treasurer
James Bushnell	Chief Financial Officer
Rita Hinds	Occupational Tax Collection

GARRARD COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS

For The Year Ended June 30, 2015

GARRARD COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS

For The Year Ended June 30, 2015

	Budgeted Funds		
	General Fund	Road Fund	Jail Fund
RECEIPTS			
Taxes	\$ 1,491,514	\$ 7,500	\$
Excess Fees	145,182		
Licenses and Permits	16,830	2,000	
Intergovernmental	298,699	1,478,344	91,521
Charges for Services	772,672		
Miscellaneous	59,777	135,635	11,469
Interest	180	1,663	
Total Receipts	<u>2,784,854</u>	<u>1,625,142</u>	<u>102,990</u>
DISBURSEMENTS			
General Government	1,185,137	16,524	
Protection to Persons and Property	796,953		479,664
General Health and Sanitation	61,641		
Social Services	3,464		
Recreation and Culture	48,195		
Roads		1,277,064	
Debt Service		85,568	
Capital Projects	37,500		
Administration	709,414	108,658	10,801
Total Disbursements	<u>2,842,304</u>	<u>1,487,814</u>	<u>490,465</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(57,450)</u>	<u>137,328</u>	<u>(387,475)</u>
Other Adjustments to Cash (Uses)			
Lease Proceeds	11,316	27,047	
Transfers From Other Funds	273,310		383,000
Transfers To Other Funds	(544,000)	(149,310)	
Total Other Adjustments to Cash (Uses)	<u>(259,374)</u>	<u>(122,263)</u>	<u>383,000</u>
Net Change in Fund Balance	(316,824)	15,065	(4,475)
Fund Balance - Beginning (Restated)	569,956	146,350	6,768
Fund Balance - Ending	<u>\$ 253,132</u>	<u>\$ 161,415</u>	<u>\$ 2,293</u>
Composition of Fund Balance			
Bank Balance	\$ 341,723	\$ 267,838	\$ 52,800
Less: Outstanding Checks	(88,591)	(106,423)	(50,507)
Fund Balance - Ending	<u>\$ 253,132</u>	<u>\$ 161,415</u>	<u>\$ 2,293</u>

The accompanying notes are an integral part of the financial statement.

GARRARD COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2015
(Continued)

Budgeted Funds					
Local Government Economic Assistance Fund	Solid Waste Fund	Debt Service Fund	House Bill 577 Fund	Veterans Memorial Fund	Chemical Stockpile Emergency Preparedness Program Fund
\$	\$ 156,385	\$ 8,121	\$	\$	\$
5,817	87,035		23,943		1,188,870
	93,241	594		100	
	3	660	2		
<u>5,817</u>	<u>336,664</u>	<u>9,375</u>	<u>23,945</u>	<u>100</u>	<u>1,188,870</u>
			10,123		357,950
	335,118				
	5,483	14,568			847,969
	23,074	9,490			15,172
	<u>363,675</u>	<u>24,058</u>	<u>10,123</u>		<u>1,221,091</u>
<u>5,817</u>	<u>(27,011)</u>	<u>(14,683)</u>	<u>13,822</u>	<u>100</u>	<u>(32,221)</u>
	55,000				106,000
	<u>(45,000)</u>				<u>(79,000)</u>
	<u>10,000</u>				<u>27,000</u>
5,817	(17,011)	(14,683)	13,822	100	(5,221)
10,667	17,998	858,594	9,549	50,594	5,868
<u>\$ 16,484</u>	<u>\$ 987</u>	<u>\$ 843,911</u>	<u>\$ 23,371</u>	<u>\$ 50,694</u>	<u>\$ 647</u>
\$ 16,484	\$ 16,480	\$ 843,911	\$ 24,520	\$ 50,694	\$ 1,613
	(15,493)		(1,149)		(966)
<u>\$ 16,484</u>	<u>\$ 987</u>	<u>\$ 843,911</u>	<u>\$ 23,371</u>	<u>\$ 50,694</u>	<u>\$ 647</u>

The accompanying notes are an integral part of the financial statement.

GARRARD COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2015
(Continued)

	<u>Unbudgeted Fund</u>	
	Public Improvement Corporation Fund	Total Funds
RECEIPTS		
Taxes	\$	\$ 1,663,520
Excess Fees		145,182
Licenses and Permits		18,830
Intergovernmental	853,911	4,028,140
Charges for Services		772,672
Miscellaneous		300,816
Interest		2,508
Total Receipts	<u>853,911</u>	<u>6,931,668</u>
DISBURSEMENTS		
General Government		1,569,734
Protection to Persons and Property		1,611,735
General Health and Sanitation		61,641
Social Services		3,464
Recreation and Culture		48,195
Roads		1,277,064
Debt Service	853,411	959,030
Capital Projects		885,469
Administration		876,609
Total Disbursements	<u>853,411</u>	<u>7,292,941</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>500</u>	<u>(361,273)</u>
Other Adjustments to Cash (Uses)		
Lease Proceeds		38,363
Transfers From Other Funds		817,310
Transfers To Other Funds		(817,310)
Total Other Adjustments to Cash (Uses)	<u></u>	<u>38,363</u>
Net Change in Fund Balance	500	(322,910)
Fund Balance - Beginning	<u>2,709</u>	<u>1,679,053</u>
Fund Balance - Ending	<u>\$ 3,209</u>	<u>\$ 1,356,143</u>
Composition of Fund Balance		
Bank Balance	\$ 3,209	\$ 1,619,272
Less Outstanding Checks	<u></u>	<u>(263,129)</u>
Ending Fund Balance	<u>\$ 3,209</u>	<u>\$ 1,356,143</u>

The accompanying notes are an integral part of the financial statement.

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TO THE FINANCIAL STATEMENT**

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GARRARD COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2015

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Garrard County includes all budgeted and unbudgeted funds under the control of the Garrard County Fiscal Court. Budgeted funds included within the reporting entity are those funds presented in the county's approved annual budget and reported on the quarterly reports submitted to the Department for Local Government. Unbudgeted funds may include non-fiduciary financial activities, private purpose trust funds and internal service funds that are within the county's control. Unbudgeted funds may also include any corporation to act as the Fiscal Court in the acquisition and financing of any public project which may be undertaken by the Fiscal Court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the Fiscal Court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

B. Basis of Accounting

The financial statement is presented on a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Government Accounting Standards Board. This basis of accounting involves the reporting of fund balances and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) to meet the financial reporting requirements of the Department for Local Government and the laws of the Commonwealth of Kentucky.

This regulatory basis of accounting differs from GAAP primarily because the financial statement format does not include the GAAP presentations of government-wide and fund financial statements, cash receipts are recognized when received in cash rather than when earned and susceptible to accrual, and cash disbursements are recognized when paid rather than when incurred or subject to accrual.

Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale ninety days following April 15.

C. Basis of Presentation

Budgeted Funds

The Fiscal Court reports the following budgeted funds:

General Fund - This is the primary operating fund of the Fiscal Court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary sources of receipts for this fund are state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the Fiscal Court to maintain these receipts and disbursements separately from the General Fund.

GARRARD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of receipts for this fund are reimbursements from the state and federal government, payments from other counties for housing prisoners, and transfers from the General Fund. The Department for Local Government requires the Fiscal Court to maintain these receipts and disbursements separately from the General Fund.

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

Solid Waste Fund - The primary purpose of this fund is to account for recycling and solid waste fee monies collected from businesses and individuals. The primary sources of receipts for this fund are local citizens and state grant funding.

Debt Service Fund - The primary purpose of this fund is to account for the accumulation of resources for, and the payment of general long-term debt principal and interest. The primary source of receipts for this fund is the county's Insurance Premium Tax.

House Bill 577 - The primary purpose of this fund is to account for House Bill 577 receipts and disbursements. The primary source of receipts for this fund is state grants.

Veterans Memorial Fund - The primary purpose of this fund is to account for activities related to donations related to the Veterans Memorial Fund. The primary source of receipts for this fund is donations.

Emergency Management CSEPP Fund - The primary purpose of this fund is to account for activities related to funding the CSEPP (Chemical Stockpile Emergency Preparedness Program) program. The primary source of receipts for this fund is federal grant monies.

Unbudgeted Fund

The Fiscal Court reports the following unbudgeted fund:

Public Improvement Corporation Fund - The primary purpose of this fund is to account for the proceeds and debt service of revenue bonds that were issued to fund construction of public buildings.

D. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Government Accounting Standards Board and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed disbursements to the Fiscal Court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the Fiscal Court by July 1.

GARRARD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information (Continued)

The Fiscal Court may change the original budget by transferring appropriations at the activity level; however, the Fiscal Court may not increase the total budget without approval by the State Local Finance Officer. Disbursements may not exceed budgeted appropriations at the activity level.

The State Local Finance Officer does not require the Public Improvement Corporation Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

E. Garrard County Elected Officials

Kentucky law provides for election of the officials below from the geographic area constituting Garrard County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the Fiscal Court, various cities and special districts within the county, and the Board of Education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statement of Garrard County Fiscal Court.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

F. Deposits and Investments

The government's fund balance is considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition. The government's fund balance includes cash and cash equivalents and investments.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

G. Long-term Obligations

The fund financial statement recognizes bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as disbursements. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as disbursements. Debt proceeds are reported as other adjustments to cash.

GARRARD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 2. Deposits

The Fiscal Court maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 41.240(4). As of June 30, 2015, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2015.

	General Fund	Road Fund	Solid Waste Fund	Chemical Stockpile Emergency Preparedness Program Fund	Total Transfers In
General Fund	\$	\$ 149,310	\$ 45,000	\$ 79,000	\$ 273,310
Jail Fund	383,000				383,000
Solid Waste Fund	55,000				55,000
CSEPP Fund	106,000				106,000
Total Transfers Out	<u>\$ 544,000</u>	<u>\$ 149,310</u>	<u>\$ 45,000</u>	<u>\$ 79,000</u>	<u>\$ 817,310</u>

Reason for transfers:

To move resources from and to the General Fund and other funds, for budgetary purposes, to the funds that will expend them.

GARRARD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 4. Receivable

On August 3, 2010, the Garrard County Fiscal Court entered into a 5-year agreement with First Southern National Bank to borrow \$125,103 to be paid in sixty equal monthly payments. The annual interest rate is 4.75%. Subsequent to the loan, the Garrard County Fiscal Court entered into an agreement with Mine Shield, LLC creating a note receivable for \$125,000. Mine Shield, LLC has agreed to make all debt payments. The ending balances as of June 30, 2015 of the long-term note and the notes receivable were \$4,666 (See Note 5N). During FY 2015, Mine Shield only paid \$11,753 leaving a balance still due to the Fiscal Court of \$16,454.

Note 5. Long-term Debt

A. Ponderosa Road

On August 18, 2008, the Garrard County Fiscal Court entered into a twenty-year lease agreement with Kentucky Association of Counties Leasing Trust to construct the Ponderosa Road project for \$35,700. The annual interest rate is 4.967%. The principle balance of the lease as of June 30, 2015 was \$21,231.

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,697	\$ 1,071
2017	1,780	999
2018	1,867	923
2019	1,958	843
2020	2,054	760
2021-2025	11,875	2,311
Totals	<u>\$ 21,231</u>	<u>\$ 6,907</u>

B. New Haven Road Project

On September 2, 2008, the Garrard County Fiscal Court entered into a twenty-year lease agreement with Kentucky Association of Counties Leasing Trust to construct the New Haven road project for \$250,000. The Fiscal Court received \$234,302 and \$15,698 was placed in a cash account. The cash account and the road checking account were used to pay the monthly interest. The cash balance was closed in 2011. The annual interest rate is 4.29%. The principal balance of the lease as of June 30, 2015 was \$162,502.

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 10,000	\$ 6,905
2017	10,000	6,493
2018	10,000	6,075
2019	10,000	5,655
2020	15,000	5,150
2021-2025	75,000	16,370
2026-2027	32,502	1,997
Totals	<u>\$ 162,502</u>	<u>\$ 48,645</u>

GARRARD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 5. Long-term Debt (Continued)

C. Overlook Drive

On November 3, 2008, the Garrard County Fiscal Court entered into a fifteen-year lease agreement with Kentucky Association of Counties Leasing Trust to construct Overlook Drive for \$155,000; \$146,000 was paid to the Fiscal Court and the \$9,000 was placed in a cash account. The cash account and the road checking account were used to pay the monthly interest. The cash balance was closed out in 2010. The annual interest rate is 4.328%. The principle balance of the lease as of June 30, 2015 was \$85,000.

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 10,000	\$ 3,641
2017	10,000	3,220
2018	10,000	2,800
2019	10,000	2,379
2020	15,000	1,873
2021-2022	30,000	1,753
Totals	<u>\$ 85,000</u>	<u>\$ 15,666</u>

D. Hamilton Springs Road Project

On October 8, 2010, the Garrard County Fiscal Court entered into a fifteen year lease agreement with Kentucky Association of Counties Leasing Trust to construct Hamilton Springs Road for \$77,864. Principal payments are due each January 20 while interest payments are due monthly. The annual interest rate is 4.547%. The principal balance of the lease as of June 30, 2015 was \$51,559.

<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 4,763	\$ 2,273
2017	4,980	2,045
2018	5,207	1,814
2019	5,443	1,571
2020	5,691	1,320
2021-2024	25,475	2,495
Totals	<u>\$ 51,559</u>	<u>\$ 11,518</u>

GARRARD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 5. Long-term Debt (Continued)

E. River Run Road Project

On September 14, 2011, the Garrard County Fiscal Court entered into a ten year lease agreement with Kentucky Association of Counties Leasing Trust to construct River Run Road for \$101,232. Principal payments are due each September 20 while interest payments are due monthly. The annual interest rate is 4.550%. The principal balance of the lease as of June 30, 2015 was \$65,862.

Fiscal Year Ended June 30	Principal	Interest
2016	\$ 10,123	\$ 2,696
2017	10,123	2,222
2018	10,123	1,755
2019	10,123	1,288
2020	10,123	823
2021-2022	15,247	414
Totals	<u>\$ 65,862</u>	<u>\$ 9,198</u>

F. Industrial Authority – Ambulance

On October 19, 2012, the Garrard County Fiscal Court entered into a six-year lease agreement with Lancaster/Garrard County Industrial Authority to purchase a new ambulance for \$112,498. Title to the equipment passed to the Fiscal Court immediately upon acceptance of the ambulance. The annual interest rate is 2.75%. The principal balance of the lease as of June 30, 2015 was \$41,804.

Fiscal Year Ended June 30	Principal	Interest
2016	\$ 23,249	\$ 858
2017	18,555	220
Totals	<u>\$ 41,804</u>	<u>\$ 1,078</u>

G. Rolling Meadows Project

On November 2, 2012, the Garrard County Fiscal Court entered into a ten year lease agreement with Kentucky Association of Counties Leasing Trust to construct the Rolling Meadows Road Project for \$82,801. Principal payments are due each January 20 while interest payments are due monthly. The annual interest rate is 4.550%. The principal balance of the lease as of June 30, 2015 was \$66,240.

GARRARD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 5. Long-term Debt (Continued)

G. Rolling Meadows Project (Continued)

Fiscal Year Ended June 30	Principal	Interest
2016	\$ 5,520	\$ 2,958
2017	5,520	2,696
2018	5,520	2,441
2019	5,520	2,186
2020	5,520	1,937
2021-2023	38,640	3,738
Totals	<u>\$ 66,240</u>	<u>\$ 15,956</u>

H. Courthouse Renovations

On May 22, 2013, the Garrard County Fiscal Court entered into a twenty year lease agreement with Kentucky Association of Counties Leasing Trust to do courthouse renovations for \$255,000. Principal and interest payments are due monthly. The annual interest rate is 2.95%. The principal balance of the lease as of June 30, 2015 was \$230,833.

Fiscal Year Ended June 30	Principal	Interest
2016	\$ 10,000	\$ 6,282
2017	10,000	6,140
2018	10,000	5,940
2019	10,000	5,741
2020	10,000	5,540
2021-2025	67,083	23,965
2026-2030	75,000	14,029
2031-2033	38,750	2,494
Totals	<u>\$ 230,833</u>	<u>\$ 70,131</u>

I. Solid Waste Vehicle

On August 23, 2013, the Garrard County Fiscal Court entered into a six-year lease agreement with Whitaker Bank to purchase a solid waste vehicle for \$25,000. Title to the vehicle passed to the Fiscal Court immediately upon acceptance of the vehicle. The annual interest rate is 3.500%. The principal balance of the lease as of June 30, 2015 was \$16,397.

GARRARD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 5. Long-term Debt (Continued)

I. Solid Waste Vehicle (Continued)

Fiscal Year Ended June 30	Principal	Interest
2016	\$ 4,980	\$ 503
2017	5,161	322
2018	5,347	136
2019	909	4
Totals	<u>\$ 16,397</u>	<u>\$ 965</u>

J. Zane Trace Road Project

On December 19, 2013, the Garrard County Fiscal Court entered into a fifteen year lease agreement with Whitaker Bank to construct Zane Trace Road for \$43,618. Principal and interest payments are due each January 19. The annual interest rate is 4.750%. The principal balance of the lease as of June 30, 2015 was \$41,729.

Fiscal Year Ended June 30	Principal	Interest
2016	\$ 2,157	\$ 2,010
2017	2,256	1,911
2018	2,370	1,797
2019	2,484	1,683
2020	2,604	1,563
2021-2025	15,018	5,818
2026-2029	14,840	1,829
Totals	<u>\$ 41,729</u>	<u>\$ 16,611</u>

K. Red Gate Road Project

On October 29, 2014, the Garrard County Fiscal Court entered into a nine year lease agreement with Whitaker Bank to construct Red Gate Road for \$19,840. Principal and interest payments are due each October 22. The annual interest rate is 3.9%. The principal balance of the lease as of June 30, 2015 was \$19,840.

GARRARD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 5. Long-term Debt (Continued)

K. Red Gate Road Project (Continued)

Fiscal Year Ended June 30	Principal	Interest
2016	\$ 1,667	\$ 774
2017	1,732	709
2018	1,800	641
2019	1,870	571
2020	1,943	498
2021-2025	10,828	1,293
Totals	<u>\$ 19,840</u>	<u>\$ 4,486</u>

L. 2014 Dodge Ram Cargo Van

On January 16, 2015, the Garrard County Fiscal Court entered into a five year lease agreement with Whitaker Bank to purchase a 2014 Dodge Ram Cargo Van for \$11,316. Principal and interest payments are due each January 16. The annual interest rate is 3.25%. The principal balance of the lease as of June 30, 2015 was \$11,316.

Fiscal Year Ended June 30	Principal	Interest
2016	\$ 2,121	\$ 368
2017	2,190	299
2018	2,260	228
2019	2,335	154
2020	2,410	78
	<u>\$ 11,316</u>	<u>\$ 1,127</u>

M. Pleasant Valley Road Project

On June 2, 2015, the Garrard County Fiscal Court entered into a ten year lease agreement with Whitaker Bank to construct Pleasant Valley Road for \$7,207. Principal and interest payments are due each June 2. The annual interest rate is 3.45%. The principal balance of the lease as of June 30, 2015 was \$7,207.

GARRARD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 5. Long-term Debt (Continued)

M. Pleasant Valley Road Project (Continued)

Fiscal Year Ended June 30	Principal	Interest
2016	\$ 591	\$ 249
2017	612	228
2018	633	207
2019	654	185
2020	677	163
2021-2025	4,040	474
Totals	<u>\$ 7,207</u>	<u>\$ 1,506</u>

N. Long-Term Note

On August 3, 2010, the Garrard County Fiscal Court entered into a 5-year agreement with First Southern National Bank to borrow \$125,103 to be paid in sixty equal monthly payments. The annual interest rate is 4.75%. Subsequent to the loan, the Garrard County Fiscal Court entered into an agreement with Mine Shield, LLC creating a note receivable for \$125,000. Mine Shield, LLC has agreed to make all debt payments. The ending balance as of June 30, 2015 of the long-term note was \$4,666 and the notes receivable was \$11,753. (See Note 4)

O. First Mortgage Revenue Bonds, Series 2009 (Justice Center Project)

On September 30, 2009, the Garrard County Public Improvements Corporation issued \$11,830,000 Lease Revenue Bonds, Series 2009, for the purpose of funding the construction of a justice center. The Public Improvements Corporation entered into an agreement with the Administrative Office of the Courts (AOC) for the payments to be made by AOC while being tenants of the building. These bonds were issued at varying interest rates ranging from 2.5% to 4%. Principal payments are due September 1, beginning in 2010, and interest is payable semiannually on March 1 and September 1, beginning March 1, 2010. As of June 30, 2015, the principal balance was \$9,350,000.

Fiscal Year Ended June 30	Principal	Interest
2016	\$ 535,000	\$ 319,555
2017	550,000	303,949
2018	565,000	287,224
2019	585,000	269,974
2020	605,000	250,989
2021-2025	3,350,000	923,583
2026-2029	3,160,000	255,543
Totals	<u>\$ 9,350,000</u>	<u>\$ 2,610,817</u>

GARRARD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 5. Long-term Debt (Continued)

P. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Primary Government:					
Long Term Note (Restated)	\$ 31,897	\$	\$ 27,231	\$ 4,666	\$ 4,666
Revenue Bonds	9,870,000		520,000	9,350,000	535,000
Financing Obligations (Restated)	904,617	38,363	121,460	821,520	86,868
Total Long-term Debt	<u>\$ 10,806,514</u>	<u>\$ 38,363</u>	<u>\$ 668,691</u>	<u>\$10,176,186</u>	<u>\$ 626,534</u>

Note 6. Commitments and Contingencies

The County is involved in a lawsuit that arose from the normal course of doing business. While individually may not be significant; in the aggregate, could negatively impact the county's financial position. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the county cannot be made at this time.

Note 7. Employee Retirement System

A. Plan Description

The Fiscal Court has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan that covers all eligible regular full-time members employed in non-hazardous *and hazardous duty* positions in the county. The Plan provides for retirement, disability and death benefits to plan members. Retirement benefits may be extended to beneficiaries of the plan members under certain circumstances. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute five percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute six percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 17.67 percent.

Hazardous covered employees are required to contribute eight percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute nine percent of their salary to be allocated as follows: eight percent will go to the member's account and one percent will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 34.31 percent.

GARRARD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 7. Employee Retirement System (Continued)

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on, or after, January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Members contribute five percent (nonhazardous) and eight percent (hazardous) of their annual creditable compensation and one percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a four percent (nonhazardous) and seven and one-half percent (hazardous) employer pay credit. The employer pay credit represents a portion of the employer contribution.

The county's contribution for FY 2013 was \$336,561, FY 2014 was \$ 327,842, and FY 2015 was \$318,509.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008 aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

CERS also provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Years of Service	% paid by Insurance Fund	% Paid by Member through Payroll Deduction
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Hazardous employees whose participation began on or after July 1, 2003, earn fifteen dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, such employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

GARRARD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 7. Employee Retirement System (Continued)

KRS issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

B. Net Pension Liability

As promulgated by GASB Statements No. 67 and 68 the total pension liability for CERS was determined by an actuarial valuation as of June 30, 2014. The net pension liability for employers participating in CERS is as follows: non-hazardous \$3,244,377,000 and hazardous \$1,201,825,000, for a total net pension liability of \$4,446,202,000 as of June 30, 2014. Based on these requirements, KRS has determined that Garrard County's proportionate share of the net pension liability as of June 30, 2015 is:

	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Non-Hazardous	\$2,857,000	\$2,525,000

The complete actuarial valuation report including all actuarial assumptions and methods is publically available on the website at www.kyret.ky.gov or can be obtained as described in the paragraph above.

Note 8. Deferred Compensation

The Garrard County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permits all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

Note 9. Health Reimbursement Account

The Garrard Fiscal Court established a health spending account to provide employees an additional health benefit. The plan provides a banking account for each eligible employee providing \$500 each year to pay for qualified medical expenses. Employees may also contribute additional pre-tax funds through payroll deduction.

Note 10. Insurance

For the fiscal year ended June 30, 2015, Garrard County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

GARRARD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 11. Prior Period Adjustments

General Fund:

Ending Cash Balance Prior Year	\$	558,582
Prior Year Voided Checks		11,374
Ending Cash Balance Prior Year (adjusted)	\$	<u>569,956</u>

Road Fund:

Ending Cash Balance Prior Year	\$	142,797
Prior Year Voided Checks		3,553
Ending Cash Balance Prior Year (adjusted)	\$	<u>146,350</u>

Jail Fund:

Ending Cash Balance Prior Year	\$	3,500
Prior Year Voided Checks		3,268
Ending Cash Balance Prior Year (adjusted)	\$	<u>6,768</u>

Solid Waste Fund:

Ending Cash Balance Prior Year	\$	17,000
Prior Year Voided Checks		998
Ending Cash Balance Prior Year (adjusted)	\$	<u>17,998</u>

Debt Service Fund:

Ending Cash Balance Prior Year	\$	815,898
Reimburse Account For Debt Payments		42,696
Ending Cash Balance Prior Year (adjusted)	\$	<u>858,594</u>

House Bill 577 Fund:

Ending Cash Balance Prior Year	\$	7,565
Prior Year Voided Checks		1,984
Ending Cash Balance Prior Year (adjusted)	\$	<u>9,549</u>

CSEPP Fund:

Ending Cash Balance Prior Year	\$	5,187
Prior Year Voided Checks		681
Ending Cash Balance Prior Year (adjusted)	\$	<u>5,868</u>

GARRARD COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2015
(Continued)

Note 11. Prior Period Adjustments (Continued)

Capital Assets:

Ending Capital Asset Balance - Prior Year	\$ 22,756,510
Add: Correction to value of Judicial Building	683,779
Add: Construction In Progress During FY '14	<u>197,273</u>
Ending Capital Asset Balance - Prior Year (adjusted)	<u><u>\$ 23,637,562</u></u>

Debt Schedule:

Ending Debt Schedule Balance - Prior Year	\$ 10,806,688
Less: Correction to Long Term Debt Balance	(140)
Less: Correction to Financing Obligation Balance	<u>(34)</u>
Ending Debt Schedule Balance - Prior Year (adjusted)	<u><u>\$ 10,806,514</u></u>

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GARRARD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2015

GARRARD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2015

GENERAL FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 1,405,500	\$ 1,405,500	\$ 1,491,514	\$ 86,014
Excess Fees	109,351	109,351	145,182	35,831
Licenses and Permits	22,200	22,200	16,830	(5,370)
Intergovernmental	1,244,100	1,244,100	298,699	(945,401)
Charges for Services	611,000	611,000	772,672	161,672
Miscellaneous	110,807	128,702	59,777	(68,925)
Interest	100	100	180	80
Total Receipts	<u>3,503,058</u>	<u>3,520,953</u>	<u>2,784,854</u>	<u>(736,099)</u>
DISBURSEMENTS				
General Government	1,008,707	1,183,184	1,185,137	(1,953)
Protection to Persons and Property	723,128	797,288	796,953	335
General Health and Sanitation	64,500	66,085	61,641	4,444
Social Services	13,500	12,964	3,464	9,500
Recreation and Culture	1,074,000	1,024,172	48,195	975,977
Debt Service				
Capital Projects	45,100	39,600	37,500	2,100
Administration	833,230	716,999	709,414	7,585
Total Disbursements	<u>3,762,165</u>	<u>3,840,292</u>	<u>2,842,304</u>	<u>997,988</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(259,107)</u>	<u>(319,339)</u>	<u>(57,450)</u>	<u>261,889</u>
Other Adjustments to Cash (Uses)				
Lease Proceeds			11,316	
Transfers From Other Funds	245,310	245,310	273,310	28,000
Transfers To Other Funds	(413,160)	(413,160)	(544,000)	(130,840)
Total Other Adjustments to Cash (Uses)	<u>(167,850)</u>	<u>(167,850)</u>	<u>(259,374)</u>	<u>(102,840)</u>
Net Change in Fund Balance	(426,957)	(487,189)	(316,824)	170,365
Fund Balance Beginning	<u>426,957</u>	<u>558,582</u>	<u>569,956</u>	<u>11,374</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 71,393</u>	<u>\$ 253,132</u>	<u>\$ 181,739</u>

GARRARD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

ROAD FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 10,000	\$ 10,000	\$ 7,500	\$ (2,500)
Licenses and Permits	5,000	5,000	2,000	(3,000)
Intergovernmental	1,340,849	1,500,657	1,478,344	(22,313)
Miscellaneous	85,410	110,441	135,635	25,194
Interest	2,000	2,000	1,663	(337)
Total Receipts	1,443,259	1,628,098	1,625,142	(2,956)
DISBURSEMENTS				
General Government	18,000	18,000	16,524	1,476
Protection to Persons and Property	500	500		500
Roads	1,042,940	1,356,612	1,277,064	79,548
Debt Service	69,410	149,386	85,568	63,818
Administration	328,099	139,130	108,658	30,472
Total Disbursements	1,458,949	1,663,628	1,487,814	175,814
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(15,690)	(35,530)	137,328	172,858
Other Adjustments to Cash (Uses)				
Lease Proceeds		19,840	27,047	7,207
Transfers To Other Funds	(149,310)	(149,310)	(149,310)	
Total Other Adjustments to Cash (Uses)	(149,310)	(129,470)	(122,263)	
Net Change in Fund Balance	(165,000)	(165,000)	15,065	180,065
Fund Balance Beginning	165,000	165,000	146,350	(18,650)
Fund Balance - Ending	\$ 0	\$ 0	\$ 161,415	\$ 161,415

GARRARD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

JAIL FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 96,500	\$ 96,500	\$ 91,521	\$ (4,979)
Miscellaneous	9,100	9,100	11,469	2,369
Total Receipts	105,600	105,600	102,990	(2,610)
DISBURSEMENTS				
Protection to Persons and Property	403,100	479,692	479,664	28
Administration	16,000	10,801	10,801	
Total Disbursements	419,100	490,493	490,465	28
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(313,500)	(384,893)	(387,475)	(2,582)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	310,000	310,000	383,000	73,000
Total Other Adjustments to Cash (Uses)	310,000	310,000	383,000	73,000
Net Change in Fund Balance	(3,500)	(74,893)	(4,475)	70,418
Fund Balance Beginning	3,500	3,500	6,768	3,268
Fund Balance - Ending	\$ 0	\$ (71,393)	\$ 2,293	\$ 73,686

GARRARD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 2,000	\$ 2,000	\$ 5,817	\$ 3,817
Total Receipts	2,000	2,000	5,817	3,817
DISBURSEMENTS				
General Government				
Protection to Persons and Property	12,667	12,667		12,667
Total Disbursements	12,667	12,667		12,667
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(10,667)	(10,667)	5,817	16,484
Net Change in Fund Balance	(10,667)	(10,667)	5,817	16,484
Fund Balance Beginning	10,667	10,667	10,667	
Fund Balance - Ending	\$ 0	\$ 0	\$ 16,484	\$ 16,484

GARRARD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

SOLID WASTE FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 186,700	\$ 186,700	\$ 156,385	\$ (30,315)
Charges for Services	82,800	82,800	87,035	4,235
Miscellaneous	124,815	124,815	93,241	(31,574)
Interest	25	25	3	(22)
Total Receipts	394,340	394,340	336,664	(57,676)
DISBURSEMENTS				
General Health and Sanitation	389,115	388,660	335,118	53,542
Debt Service	5,485	5,485	5,483	2
Administration	23,900	24,355	23,074	1,281
Total Disbursements	418,500	418,500	363,675	54,825
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(24,160)	(24,160)	(27,011)	(2,851)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	23,160	23,160	55,000	31,840
Transfers To Other Funds	(16,000)	(16,000)	(45,000)	(29,000)
Total Other Adjustments to Cash (Uses)	7,160	7,160	10,000	2,840
Net Change in Fund Balance	(17,000)	(17,000)	(17,011)	(11)
Fund Balance Beginning	17,000	17,000	17,998	998
Fund Balance - Ending	\$ 0	\$ 0	\$ 987	\$ 987

GARRARD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

DEBT SERVICE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$	\$	\$ 8,121	\$ 8,121
Miscellaneous			594	594
Interest	600	600	660	60
Total Receipts	600	600	9,375	8,775
DISBURSEMENTS				
Debt Service	792,000	783,520	14,568	768,952
Administration	24,600	33,080	9,490	23,590
Total Disbursements	816,600	816,600	24,058	23,590
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(816,000)	(816,000)	(14,683)	32,365
Net Change in Fund Balance	(816,000)	(816,000)	(14,683)	801,317
Fund Balance Beginning	816,000	816,000	858,594	42,594
Fund Balance - Ending	\$ 0	\$ 0	\$ 843,911	\$ 843,911

GARRARD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

HOUSE BILL 577 FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 30,000	\$ 30,000	\$ 23,943	\$ (6,057)
Miscellaneous	200	200		(200)
Interest	50	50	2	(48)
Total Receipts	30,250	30,250	23,945	(6,305)
DISBURSEMENTS				
General Government	42,000	42,000	10,123	31,877
Administration	250	250		250
Total Disbursements	42,250	42,250	10,123	32,127
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(12,000)	(12,000)	13,822	25,822
Net Change in Fund Balance	(12,000)	(12,000)	13,822	25,822
Fund Balance Beginning	12,000	12,000	9,549	(2,451)
Fund Balance - Ending	\$ 0	\$ 0	\$ 23,371	\$ 23,371

GARRARD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

VETERANS MEMORIAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)
	Original	Final	Variance with Final Budget Positive (Negative)
RECEIPTS			
Miscellaneous	\$	\$	\$ 100
Total Receipts			100
DISBURSEMENTS			
Recreation and Culture	50,594	50,594	50,594
Total Disbursements	50,594	50,594	50,594
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(50,594)	(50,594)	100
Net Change in Fund Balance	(50,594)	(50,594)	100
Fund Balance Beginning	50,594	50,594	50,594
Fund Balance - Ending	\$ 0	\$ 0	\$ 50,694

GARRARD COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015
(Continued)

CSEPP FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 4,120,950	\$ 4,120,950	\$ 1,188,870	\$ (2,932,080)
Total Receipts	4,120,950	4,120,950	1,188,870	(2,932,080)
DISBURSEMENTS				
Protection to Persons and Property	1,003,724	1,003,724	357,950	645,774
Capital Projects	3,100,000	3,100,000	847,969	2,252,031
Administration	22,226	22,226	15,172	7,054
Total Disbursements	4,125,950	4,125,950	1,221,091	2,904,859
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(5,000)	(5,000)	(32,221)	(27,221)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	80,000	80,000	106,000	26,000
Transfers To Other Funds	(80,000)	(80,000)	(79,000)	1,000
Total Other Adjustments to Cash (Uses)			27,000	27,000
Net Change in Fund Balance	(5,000)	(5,000)	(5,221)	(221)
Fund Balance Beginning	5,000	5,000	5,868	868
Fund Balance - Ending	\$ 0	\$ 0	\$ 647	\$ 647

GARRARD COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2015

Note 1. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Government Accounting Standards Board and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed disbursements to the Fiscal Court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the Fiscal Court by July 1.

The Fiscal Court may change the original budget by transferring appropriations at the activity level; however, the Fiscal Court may not increase the total budget without approval by the State Local Finance Officer. Disbursements may not exceed budgeted appropriations at the activity level.

Note 2. Excess of Disbursements Over Appropriations

General Fund - General Government disbursements exceeded budgeted appropriations by \$1,953. This resulted from an audit adjustment to add a lease purchase for a van in the amount of \$11,316.

GARRARD COUNTY
SUPPLEMENTARY SCHEDULE
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2015

GARRARD COUNTY
SCHEDULE OF CAPITAL ASSETS
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2015

The Fiscal Court reports the following schedule of capital assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 778,250	\$ 37,500	\$	\$ 815,750
Construction In Progress (Restated)	197,273	847,969		1,045,242
Buildings and Building Improvements (Restated)	14,346,678	273,803	150,000	14,470,481
Machinery and Equipment	1,262,416	222,215		1,484,631
Vehicles and Equipment	1,128,245	130,000		1,258,245
Infrastructure	5,924,700	695,908		6,620,608
 Total Capital Assets	 <u>\$ 23,637,562</u>	 <u>\$ 2,207,395</u>	 <u>\$ 150,000</u>	 <u>\$25,694,957</u>

GARRARD COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - SCHEDULE OF CAPITAL ASSETS

June 30, 2015

Note 1. Capital Assets

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported as other information. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$10,000	10-60
Buildings	25,000	10-75
Building Improvements	20,000	5-75
Machinery and Equipment	5,000	3-25
Infrastructure	20,000	10-50
Vehicles	5,000	3-25

GARRARD COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

GARRARD COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2015

Federal Grantor Program Title Grant Name CFDA #	Pass-Through Grantor's Number	Expenditures
<u>U. S Department of Housing and Urban Development</u>		
Passed-Through State Department for Local Government:		
Community Development Block Grants/State's Program (CFDA #14.228)		\$ 25,022
<u>U.S. Department of Homeland Security</u>		
Passed-Through Kentucky Department of Military Affairs:		
Chemical Stockpile Emergency Preparedness Program (CSEPP) (CFDA #97.040)		1,205,919
Total Cash Expenditures Of Federal Awards		<u>\$ 1,230,941</u>

GARRARD COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended June 30, 2015

Note 1 - The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Garrard County, Kentucky and is presented on a modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Note 2 - Determination of Major Program

The Type A program for the Fiscal Court is any program for which total expenditures of federal awards exceed \$300,000 for fiscal year 2015 or were deemed high risk. There were no Type A programs. The major program tested was:

- Chemical Stockpile Emergency Preparedness Program (CSEPP) (CFDA # 97.040)

Note 3 - Noncash Expenditures

There were no noncash expenditures of federal awards for fiscal year 2015.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable John P. Wilson, Garrard County Judge/Executive
Members of the Garrard County Fiscal Court

**Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards**

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Garrard County Fiscal Court for the fiscal year ended June 30, 2015, and the related notes to the financial statement which collectively comprise the Garrard County Fiscal Court's financial statement and have issued our report thereon dated February 08, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Garrard County Fiscal Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Garrard County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Garrard County Fiscal Court's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying comment and recommendation, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying comment and recommendation as item 2015-001 to be a material weakness.



Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Garrard County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike H", with a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts

February 08, 2016

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable John P. Wilson, Garrard County Judge/Executive
Members of the Garrard County Fiscal Court

Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With OMB Circular A-133

Independent Auditor's Report

Report on Compliance for Each Major Federal Program

We have audited Garrard County Fiscal Court's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Garrard County Fiscal Court's major federal programs for the year ended June 30, 2015. Garrard County Fiscal Court's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Garrard County Fiscal Court's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Garrard County Fiscal Court's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Garrard County Fiscal Court's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Garrard County Fiscal Court complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.



Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With OMB Circular A-133
(Continued)

Report on Internal Control over Compliance

Management of Garrard County Fiscal Court is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Garrard County Fiscal Court's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Garrard County Fiscal Court's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal flourish extending to the right.

Mike Harmon
Auditor of Public Accounts

February 08, 2016

GARRARD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2015

GARRARD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended June 30, 2015

Section I: Summary of Auditor's Results

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Are any material weaknesses identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are any significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Is any noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Type of auditor's report issued on compliance for major programs: Unqualified

Internal control over major programs:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Are any audit findings disclosed that are required to be reported in accordance with U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, Section .510(a) ?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

CFDA Numbers and Name of Federal Program or Cluster

#97.040 Chemical Stockpile Emergency Preparedness Program (CSEPP)

Enter the dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Is the auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

GARRARD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2015
(Continued)

Section II: Findings - Financial Statement Audit

2015-001 The Fiscal Court Should Strengthen Controls Over Reporting Of Capital Assets And Ensure All Assets Are Adequately Insured

The county's capital asset listing had material errors. Multiple assets were not listed that should have been listed, and assets that the county no longer had were still on the list. The auditor also noted one asset was not on the county's insurance policy.

The Fiscal Court lacks adequate controls over reporting and valuation of capital assets.

As a result of inadequate controls, the Fiscal Court did not adequately monitor and track capital assets as required by the Department for Local Government. The auditor noted the following:

- Multiple assets totaling \$1,031,040 and a construction in progress totaling \$1,045,242 were not on the county's capital asset schedule provided to the auditor.
- Multiple items totaling \$2,701,517 were retained on the asset list that were no longer owned by the county.
- One asset totaling \$63,976 was not on the county's insurance policy.
- Material adjustment of \$881,052 to the prior year ending capital asset balance.

Strong internal controls over capital assets are necessary to ensure accurate financial reporting as well as protect assets from misappropriation. Additionally, KRS 68.210 requires the State Local Finance Officer to create a system of uniform accounts for all counties and county officials.

The *County Budget Preparation and State Local Finance Officer Policy Manual* states, "For purposes of internal control, an asset inventory listing must be maintained for all asset purchases/donations above a reasonable dollar amount, and have a useful life of greater than one year. The asset inventory listing should provide the following detail:

- Property Tag number
- Asset description
- Serial number - if applicable
- Quantity - if applicable
- Cost (or Fair Market Value of donated asset at date of donation)
- Date of acquisition
- Date of disposal (track all disposals for entire fiscal year)
- Property location (by department, building & room number)
- Manager/individual responsible

The Asset Inventory Listing will include assets reported on the Capital Asset Listing, with the exception of infrastructure assets." The manual further explains that an annual physical inventory of property and equipment shall be conducted on or before June 30. Physical counts must be compared to the master asset inventory listing. Resulting differences must be reconciled, explained, and documented. The asset inventory listing should be updated for all additions, disposals, and property location changes, etc. Authorization must be given to appropriate accounting personnel for asset record and asset inventory listing modifications.

GARRARD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2015
(Continued)

Section II: Findings - Financial Statement Audit (Continued)

2015-001 The Fiscal Court Should Strengthen Controls Over Reporting Of Capital Assets And Ensure All Assets Are Adequately Insured (Continued)

The Department for Local Government further requires that adequate fixed asset records provide the information necessary to report the cost or other basis of valuation, determine the accuracy of insurance coverage, maintain control of county property, and for long range planning for property replacement. Maintenance of records for general fixed assets which fall into any of the following three categories is a requirement of the Uniform System of Accounts for Kentucky counties:

1. Real Estate
2. Motor vehicles (including road equipment)
3. Valuation in excess of \$100

In order to strengthen the county's internal controls over capital assets, we recommend the county establish a detailed inventory system. This system should include a detailed description of the asset, an inventory control number or serial number, the date acquired, location, date destroyed or sold as surplus, and a brief description as to why the asset was discarded. The inventory of county assets should be updated as new assets are purchased or sold. We also recommend the county reconcile asset purchases and disposals with the expenditures ledger and receipts ledger. The county should also conduct a physical inspection of county assets at the end of each year and make comparisons to the county's list of inventoried assets and insurance policy

County Judge/Executive John Wilson's Response: The Judge/Executive did not respond.

Section III: Findings And Questioned Costs - Major Federal Awards Program Audit

NO FINDINGS.

Section IV: Summary Schedule of Prior Audit Findings (FEDERAL FINDINGS ONLY)

NO FINDINGS.

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**CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

GARRARD COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2015**

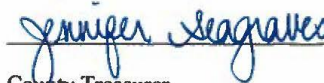
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
GARRARD COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2015

The Garrard County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



County Judge/Executive



County Treasurer

